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NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 EB-11 ARA-16 TRSE-00 AGR-20 COME-00

OMB-01 SWF-02 IO-14 FEA-02 /177 R

DRAFTED BY NEA/PAB:LBLESSER/LM/MW

APPROVED BY P:JJSISCO

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NEA:LBLAINGEN

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E.O. 11652: N/A

TAGS:EFIN, EAID, PFOR, ECON, BG

SUBJECT: MEETING OF ACTING SECRETARY WITH BANGLADESH

FINANCE MINISTER TAJUDDIN AHMAD

1. SUMMARY. TAJUDDIN AHMAD, ACCOMPANIED BY BANGLADESH AMBASSADOR HOSSAIN ALI AND BD EMBOFFS A.M.A.MUHITH AND NURUL ISLAM, CALLED ON ACTING SECRETARY SISCO AFTER CONCLUSION C-20 MEETING JUNE 13. ACTING SECRETARY CHARACTERIZED PRESENT BD-US RELATIONS AS "EXCELLENT AND CONTINUING TO IMPROVE," AND TAJUDDIN AGREED THAT THERE HAD BEEN ENORMOUS IMPROVEMENT SINCE 1971. BDG WAS CONGRATULATED ON SUCCESS IN IMPROVING RELATIONSHIPS IN SUBCONTINENT AND LIMITED OFFICIAL USE

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ON PROGRESS TOWARD UN ADMISSION. ON BILATERAL ISSUES, ACT-

ING SECRETARY EXPRESSED SATISFACTION THAT SETTLEMENT OF PRE-WAR DEBT LIABILITY IS NEAR, AND WARNED OF POSSIBLE PROBLEM FOR USG IN CONTINUING PL 480 TITLE I ASSISTANCE IF BDG TRADES WITH CUBA. TAJUDDIN DESCRIBED BD ECONOMY AS HAVING MADE GREAT PROGRESS SINCE LIBERATION, BUT IN URGENT NEED OF ASSISTANCE OVER SHORT TERM, PARTICULARLY AS RESULT OF PRICE RISES IN CRITICAL COMMODITIES.

2. ACTING SECRETARY OPENED CONVERSATION WITH ACCOUNT OF GREAT PROGRESS MADE TOWARD PEACE IN SUBCONTINENT SINCE BANGLADESH BECAME INDEPENDENT, AND CONGRATULATED BDG FOR CONSTRUCTIVE ROLE IT HAS PLAYED IN "SIMLA PROCESS." HE NOTED PARTICULARLY THAT THESE ACCOMPLISHMENTS HAVE COME

ABOUT WITHOUT PARTICIPATION OF OUTSIDE POWERS. ACTING SECRETARY EXPRESSED SATISFACTION THAT ALTHOUGH BANGLADESH WAS NOT HAPPY WITH THE USG'S ROLE DURING 1971, OUR RELATIONS ARE NOW IN EXCELLENT CONDITION. TAJUDDIN CONCURRED AND EXPRESSED HIS UNDERSTANDING OF RATIONALE FOR U.S. POLICIES IN 1971.

3. COMMENTING ON CURRENT SITUATION, TAJUDDIN SAID THAT BANGLADESH HAD BEEN IN DOLDRUMS BUT THAT THINGS ARE TAKING SHAPE NOW. HE EXPRESSED PLEASURE THAT IN A SHORT SPELL OF TIME RELATIONSHIPS IN THE REGION HAD IMPROVED. THE BDG APPRECIATES THE GOOD OFFICES OF FRIENDLY OUTSIDE COUNTRIES, INCLUDING THE US, WHICH HAVE ASSISTED IN BRINGING ABOUT THIS IMPROVEMENT. IN ECONOMIC SPHERE, TAJUDDIN SAID LAST DECEMBER'S HARVEST WAS GOOD AND THAT AGRICULTURAL PRODUCTION IS STILL IMPROVING, BUT A LARGE FOODGRAIN GAP STILL MUST BE FILLED BY IMPORTS, AT VERY HIGH PRICES. HE LISTED IMPORT NEEDS FOR THE FIRST FOUR YEARS OF BANGLADESH EXISTENCE AS DECLINING EACH YEAR, FROM 3.0 MILLION TONS, TO 2.7 MILLION, 2.2 MILLION, AND 1.7 MILLION IN FY 1974-75. THERE ARE SCARCITIES OF NECESSARY INPUTS, ESPECIALLY FERTILIZER AND PESTICIDES; TAJUDDIN ALSO MENTIONED THAT TIMELY DELIVERY AND SHIPPING ARRANGEMENTS PRESENT PROBLEMS.

4. DISCUSSION OF FOOD SITUATION LED ACTING SECRETARY TO LIMITED OFFICIAL USE

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REMARK THAT WE WILL DO OUR BEST FOR BANGLADESH ON PL 480 ASSISTANCE. BUT HE CAUTIONED THE BENGALLEES THAT WE ARE BOUND TO PROCEED STRICTLY ACCORDING TO THE PROVISIONS OF US LAW AND THAT WE ARE PRESENTLY CONCERNED OVER THE POSSIBILITY OF BDG TRADE WITH CUBA. ACTING SECRETARY SAID THAT WE COULD FIND OURSELVES IN A POSITION WHERE WE WOULD HAVE TO CUT OFF TITLE I ASSISTANCE BECAUSE OF OUR LEGAL OBLIGATIONS, EVEN THOUGH WE ARE COMMITTED BY POLICY,

BY FRIENDSHIP, AND BY THE TRADITIONAL AMERICAN ATTITUDE OF GENEROSITY TO WANTING TO HELP. TAJUDDIN URGED THAT THERE MUST BE SOME WAY OUT, THAT BANGLADESH FACES DIFFICULTIES AND NEEDS USG HELP. HE SUGGESTED THAT ALTHOUGH THIS PROVISION OF LAW MAY HAVE BEEN GOOD PERHAPS IT SHOULD NOW BE REVIEWED. SISCO REPLIED THAT HE UNDERSTOOD THE MINISTER'S POINT, BUT THAT THE MINISTER SHOULD ALSO UNDERSTAND THAT THERE IS NO FLEXIBILITY WITHIN THE EXECUTIVE BRANCH ON THIS ISSUE SINCE WE ARE SPEAKING OF A QUESTION OF LAW, NOT POLICY.

5. LATER IN DISCUSSION MUHITH ASKED WHETHER THE POTENTIAL LEGAL PROBLEM ON TITLE I WOULD HINDER CONSIDERATION OF THE BDG TITLE I REQUEST FOR FY 1975 IN TERMS OF PLANNING. ACTING SECRETARY ASSURED HIM THAT IT WOULD NOT, AND

THAT IN FACT WE WOULD LIKE TO INCREASE OUR PL 480 PROGRAM IN FY 1975 IF POSSIBLE. HE SPOKE OF GENUINE USG CONCERN FOR WORLD FOOD PROBLEM AND SAID THAT WE ARE CONSCIOUS THAT AS A LAND OF ABUNDANCE WE SHARE RESPONSIBILITY TO SEEK SOLUTIONS TO GLOBAL ECONOMIC PROBLEMS.

6. OTHER SUBJECTS TOUCHED ON IN THIS WIDE-RANGING DISCUSSION INCLUDED ACTING SECRETARY'S APPROVING REMARKS ON PROGRESS TOWARD SOLUTION OF PRE-WAR DEBT PROBLEM. IT WAS AGREED THAT NO SIGNIFICANT OBSTACLES REMAIN TO FULL SETTLEMENT IN NEAR FUTURE. ACTING SECRETARY ASKED HOW BDG WAS DOING ON DEVELOPMENT OF ITS OWN ADMINISTRATION, AND TAJUDDIN REPLIED THAT THE TWO CHIEF PROBLEMS WERE THE RAPID DEVELOPMENT OF BUREAUCRATIC EXPERTISE IN AREAS WHERE BANGLADESH LACKED PREVIOUS EXPERIENCE, SUCH AS DEFENSE, FOREIGN AFFAIRS, AND FINANCE, AND THE NEW PROBLEM POSED BY INCREASES IN THE PRICES OF SUCH VITAL LIMITED OFFICIAL USE

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IMPORT COMMODITIES AS FOODGRAINS AND OIL. HE SAID THAT CONSIDERING THE OBSTACLES BANGLADESH FACED AT LIBERATION, IT HAS MADE A BREAKTHROUGH, BUT THAT THEY STILL NEED ASSISTANCE FROM FRIENDS. IN CLOSING DISCUSSION, ACTING SECRETARY SAID THAT THERE IS NO DEARTH OF FRIENDS OF BANGLADESH IN THE UNITED STATES. SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, MEETINGS, DEBT REPAYMENTS, PL 480 TITLE 1, FOREIGN TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE128404
Document Source: CORE
Document Unique ID: 00
Drafter: LBLESSER/LM/MW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740156-0712
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740641/aaaabjak.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by elyme>; APPROVED <19 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING OF ACTING SECRETARY WITH BANGLADESH FINANCE MINISTER TAJUDDIN AHMAD
TAGS: EFIN, EAID, PFOR, ECON, BG, CU
To: DACCA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005